



## Interim Report for the period ended June 30, 1977

### Highlights

Financial	1977 (thousands of dollars)	1976 (thousands of dollars)	% Change
Revenue sales and services	\$366,784	\$304,793	+ 20.3
Net revenue	327,413	274,765	+ 19.2
Net income	23,393	14,557	+ 60.7
Operating	(barrels per day)		
Refined product sales	112,812	108,331	+ 4.1
Crude oil processed at refineries	137,110	128,242	+ 6.9
Gross sales of crude oil and natural gas liquids	22,724	21,170	+ 7.3
	(thousands of cubic feet per day)		
Gross sales of natural gas	140,519	106,401	+ 32.1

### To the Shareholders

Net income of \$23,393,000 for the first half of 1977 was 60.7% higher than in the corresponding period last year, reflecting improvement in both major sectors of operations.

In the exploration and production sector, the improved earnings are attributable to the inclusion of natural gas sales by our subsidiary, British Columbia Oil Lands Limited and to higher volumes and prices for crude oil and natural gas.

Profitability in the refining and marketing sector also showed an improvement but continues at an unsatisfactory level with prices remaining well below those allowed under the Anti-Inflation Program. The principal factors leading to this improvement were a 4.1% increase in sales volume, a slight improvement in margins and the new inventory allowance for income tax purposes proposed in the Federal Budget of March 31, 1977.

Overall, the return on average capital employed during the first half of 1977 rose to 10.8% per annum compared to 7.6% in the first half of 1976.

During the first six months of the year, the Company participated in 35 exploratory wells of which 1 was completed as an oil well and 9 as gas wells. BP participated in drilling 43 development wells, resulting in 7 oil wells, 31 gas wells and 5 abandonments.

In northeastern British Columbia, the Company has completed another gas well which extends the productive limits of the Sukunka structure and adds to our proven reserves in the area. Westcoast Transmission Company Limited has applied to the National Energy Board for approval to construct a pipeline and plant facilities to bring these reserves to market by 1980.

Following approval by the Foreign Investment Review Agency, we, in conjunction with BP Canadian Holdings, have completed the acquisition of interests in certain important coal leases in the Sukunka and Bullmoose area of northeastern British Columbia; investigatory drilling and planning are actively proceeding with the objective of commencing to produce high-quality coking coal by late 1979.

D. F. MITCHELL  
Chairman and Chief Executive Officer

August 1977

Executive Offices  
1245 Sherbrooke Street W.  
Montreal, Quebec

### Consolidated Statement of Income

	1977 (thousands of dollars)	1976 (thousands of dollars)
Revenue:		
Net sales and services (note)	\$325,990	\$272,682
Income from investments	1,423	2,083
	<u>327,413</u>	<u>274,765</u>
Expenses:		
Costs, operating and administration	268,414	232,226
Depreciation and depletion	15,500	13,449
Interest and discount on long term debt	2,756	2,933
	<u>286,670</u>	<u>248,608</u>
Income before income taxes	40,743	26,157
Income taxes	17,350	11,600
Net income for the period	<u>\$ 23,393</u>	<u>\$ 14,557</u>
Net income per common share	<u>\$ 1.11</u>	<u>\$ .69</u>

Note: Net of federal sales taxes and crude oil sales from own production.

### Consolidated Statement of Changes in Financial Position

	1977 (thousands of dollars)	1976 (thousands of dollars)
Funds derived from:		
Net income for the period	\$ 23,393	\$ 14,557
Add depreciation, depletion and other items not resulting in a flow of funds	18,070	17,169
Total funds derived from operations	41,463	31,726
Proceeds on sale of property, plant and equipment	3,085	2,522
Net decrease in investments and advances	251	238
Total funds derived	<u>44,799</u>	<u>34,486</u>
Funds applied to:		
Additions to property, plant and equipment	17,635	24,508
Repayment of long term debt	4,261	4,384
Dividends	4,652	4,236
Other	13	19
Total funds applied	<u>26,561</u>	<u>33,147</u>
Net increase in working capital	18,238	1,339
Working capital, beginning of the period	105,018	110,386
Working capital, end of the period	<u>\$123,256</u>	<u>\$111,725</u>

Comparative figures have been restated to conform with an accounting change adopted in 1977 in respect of allocation of costs within periods in the year. The effect in 1976 is to increase net income in the first half by \$1,121,000 but will have no effect in annual net income.

Interim statements are not examined by independent auditors.

The interim statements presented herein have been approved by the Board of Directors and signed by D. F. Mitchell and R. W. D. Hanbidge on behalf of the Board.



## Rapport intérimaire pour la période terminée le 30 juin 1977

### Faits saillants

Finances	1977	1976	% des changements
	(en milliers de dollars)		
Revenus — ventes et services	\$366,784	\$304,793	+ 20.3
Revenus nets	327,413	274,765	+ 19.2
Bénéfice net	23,393	14,557	+ 60.7
Exploitation	(en barils par jour)		
Ventes de produits raffinés	112,812	108,331	+ 4.1
Pétrole brut traité aux raffineries	137,110	128,242	+ 6.9
Ventes brutes de pétrole brut et de dérivés liquides du gaz naturel	22,724	21,170	+ 7.3
	(en milliers de pieds cubes par jour)		
Ventes brutes de gaz naturel	140,519	106,401	+ 32.1

### Aux actionnaires

Le bénéfice net pour le premier semestre de 1977 a été de \$23,393,000, soit 60.7 p. cent de plus que celui de la période correspondante de l'année dernière. Ces chiffres reflètent une amélioration dans les deux principaux secteurs de l'exploitation.

Dans le secteur de l'exploration et de la production, l'augmentation des bénéfices est attribuable à l'inclusion des ventes de gaz naturel par la British Columbia Oil Lands Limited, ainsi qu'à l'augmentation des volumes et des prix du pétrole brut et du gaz naturel.

La rentabilité du secteur du raffinage et du marketing s'est également améliorée, mais continue d'être à un niveau non satisfaisant, les prix se situant toujours à un niveau bien inférieur à celui permis en vertu du programme de lutte contre l'inflation. Les principaux facteurs qui ont entraîné cette amélioration ont été l'augmentation de 4.1 p. cent du volume des ventes, une légère amélioration de la marge bénéficiaire et l'effet de la proposition budgétaire du gouvernement fédéral, au 31 mars 1977, relative à la nouvelle déduction fiscale concernant les stocks.

Le rendement moyen du capital investi au cours du premier semestre de 1977 s'est élevé à 10.8 p. cent par année comparativement à 7.6 p. cent pour le premier semestre de 1976.

Durant le premier semestre, BP a participé au forage de 35 puits d'exploration; un a entraîné une découverte de pétrole et 9 des découvertes de gaz. BP a aussi participé au forage de 43 puits de développement, dont 7 de pétrole, 31 de gaz et 5 abandonnés.

Dans le nord-est de la Colombie-Britannique, la Compagnie a terminé le forage d'un autre puits de gaz, ce qui a pour but d'étendre nos frontières productives de la région de Sukunka et d'augmenter nos réserves prouvées. Westcoast Transmission Company Limited a présenté une demande à l'Office national de l'énergie pour un pipeline et des installations industrielles dans le but d'acheminer ces réserves au marché d'ici 1980.

Suite à l'acceptation de notre requête par l'Agence d'examen de l'investissement étranger, nous avons, conjointement avec BP Canadian Holdings, effectué l'acquisition d'intérêts dans des tenures houillères importantes situées dans la région de Sukunka et de Bullmoose; le forage d'exploration et la planification sont maintenant en cours dans le but de commencer la production de charbon cokéfiant de haute qualité d'ici la fin de 1979.

Le Président du Conseil  
et Chef de la direction  
D. F. MITCHELL

Avril 1977

Siège de l'administration  
1245 ouest, rue Sherbrooke  
Montréal, Québec

### État consolidé des bénéfices

	1977	1976
	(en milliers de dollars)	
Revenus:		
Ventes nettes et services (note)	\$325,990	\$272,682
Revenus de placements	1,423	2,083
	<u>327,413</u>	<u>274,765</u>
Dépenses:		
Frais d'exploitation et d'administration	268,414	232,226
Amortissement et épuisement	15,500	13,449
Intérêt et escompte sur dette à long terme	2,756	2,933
	<u>286,670</u>	<u>248,608</u>
Bénéfice avant impôts sur le revenu	40,743	26,157
Impôts sur le revenu	17,350	11,600
Bénéfice net de la période	<u>\$ 23,393</u>	<u>\$ 14,557</u>
Bénéfice net par action ordinaire	<u>\$ 1.11</u>	<u>\$ .69</u>

Note: Déduction faite des taxes de vente fédérales et des ventes de pétrole brut provenant de la propre production de la compagnie.

### État consolidé de l'évolution de la situation financière

	1977	1976
	(en milliers de dollars)	
Provenance des fonds:		
Bénéfice net de la période	\$ 23,393	\$ 14,557
Plus amortissement, épuisement et autres éléments n'ayant pas entraîné de mouvements de trésorerie	18,070	17,169
Total des fonds provenant de l'exploitation	41,463	31,726
Produit de la vente de propriétés, installations et matériel	3,085	2,522
Diminution nette des placements et avances	251	238
Total de la provenance des fonds	<u>44,799</u>	<u>34,486</u>
Utilisation des fonds:		
Additions aux propriétés, installations et matériel	17,635	24,508
Remboursement de la dette à long terme	4,261	4,384
Dividendes	4,652	4,236
Autres	13	19
Total de l'utilisation des fonds	<u>26,561</u>	<u>33,147</u>
Augmentation nette du fonds de roulement	18,238	1,339
Fonds de roulement au début de la période	105,018	110,386
Fonds de roulement à la fin de la période	<u>\$123,256</u>	<u>\$111,725</u>

Les chiffres comparatifs ont été redressés conformément au changement comptable adopté au cours de 1977 relativement à la répartition des coûts sur les différentes périodes de l'année. Ce changement a pour effet en 1976 d'augmenter de \$1,121,000 le bénéfice net du premier semestre sans toutefois modifier le bénéfice net annuel.

Les états intermédiaires ne sont pas vérifiés par des vérificateurs indépendants.

Les états intermédiaires des présentes ont été approuvés par le Conseil d'administration et signés, au nom du Conseil, par D. F. Mitchell et R. W. D. Hanbidge.



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BP Canada Limited



**Interim Report  
for the period  
ended  
June 30, 1972**

Executive Offices  
1245 Sherbrooke Street W.  
Montreal 109, Quebec

# BP Canada Limited and subsidiaries



## Consolidated Statement of Income

	Six months ended June 30 1972	1971
	(Thousands of dollars)	
Revenue:		
Sales and services	\$139,146	\$124,539
Less federal sales taxes	7,802	6,484
	<u>131,344</u>	<u>118,055</u>
Income from investments	718	634
	<u>132,062</u>	<u>118,689</u>
Expenses:		
Purchase of crude oil, products and merchandise	71,953	65,260
Operating and administration	36,557	33,489
Depreciation	6,680	6,557
Depletion	3,725	3,068
Interest and discount on long term debt	2,062	2,374
	<u>120,977</u>	<u>110,748</u>
Income before income taxes, minority interest and extraordinary item	11,085	7,941
Income taxes	<u>2,400</u>	<u>1,100</u>
	8,685	6,841
Minority interest in income of subsidiary	<u>1,513</u>	<u>1,291</u>
Income before extraordinary item	7,172	5,550
Extraordinary item - Income tax credit	<u>1,700</u>	<u>1,100</u>
Net income for the period	<u>8,872</u>	<u>6,650</u>
Income per common share*		
Before extraordinary item	\$ .41	\$ .32
Extraordinary item	<u>.10</u>	<u>.06</u>
Net income for the period	<u>\$ .51</u>	<u>\$ .38</u>

\*Based on 17,268,889 Common Shares

## Consolidated Statement of Source and Application of Funds

	Six months ended June 30	
	1972	1971
	(Thousands of dollars)	
Funds derived from:		
Net income for the period	\$ 8,872	\$ 6,650
Add (deduct) items not resulting in a flow of funds in the current period —		
Depreciation and depletion	10,405	9,625
Deferred income tax provision	700	—
Income attributable to minority interest	1,513	1,291
Profit on redemption of long term debt	(209)	(227)
Other	(542)	83
Total funds derived from operations	20,739	17,422
Shares sold by subsidiary to minority interest	—	10
Proceeds on sale of property, plant and equipment	1,741	596
Increase in capital contribution by parent company	—	693
Total funds derived	22,480	18,721
Funds applied to:		
Additions to property, plant and equipment	11,253	11,936
Repayments of long term debt	2,774	3,339
Net repayment of gas supply contract advances	36	—
Net increase in investments and advances	118	82
Redemption of preference shares	—	43
Premiums paid on acquisition of going concerns	12	723
Dividends	1,333	242
Total funds applied	15,526	16,365
Net increase in working capital	6,954	2,356
Working capital, beginning of the period	17,827	17,279
Working capital, end of the period	\$24,781	\$19,635



## To the Shareholders

Net income of BP Canada Limited and its subsidiaries for the first half of 1972 was \$8,872,000 or 51 cents a share, an increase of 33.4% over the comparable figures for 1971. Refined product sales averaged 99,371 barrels per day, 4% greater than the corresponding figures for last year. Net production of crude oil and natural gas liquids at 23,477 barrels per day and net sales of natural gas at 92.4 million cubic feet per day reflected increases of 6.5% and 7.5% over the first half of 1971.

During the first half of the year, the BP Canadian Group participated in 35 exploratory wells of which one is a suspended oil well, 9 were completed as gas wells and 25 were abandoned; 15 of the exploratory wells were drilled at no cost to the Company. The most encouraging of the gas discoveries were at BP et al Gote d-37-D at Komie in northeastern British Columbia and at Gulf Sun BP Stolberg 6-1 in the Alberta foothills. BP Oil and Gas Ltd., your partially owned subsidiary, has a 27.5% interest in the Gote well and in 50,000 adjoining acres and a 20% interest in the Stolberg well located in a lease block of 24,480 acres.

In the Arctic Islands the BP Canadian Group, together with one of its partners in the Pan-arctic farmout, have decided to drill the option well on Emerald Island. This well will be drilled in 1973 and will earn for the Group an additional interest in 235,000 acres on Emerald Island.

On the East Coast, in the Labrador Sea, the Group is conducting a 2,800-mile seismic program on its 13.8 million acre block. Drilling is planned for 1974. Columbia Gas is paying the cost of the seismic program as part of its \$25 million exploration commitment on these permits.

D.F. MITCHELL  
President

August 1972